

**MINUTES OF THE  
CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

For the meeting held on  
Tuesday, April 15, 2008 – 1:30 p.m.  
1001 I Street, Training Room 2 West, 2nd Floor  
Sacramento, California 95814

Chairwoman Evelyn Matteucci called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at 1:30 p.m.

**1. Call To Order and Roll Call.**

Evelyn Matteucci represented the Secretary of the Business, Transportation and Housing Agency. Anne Sheehan represented the Director of the Department of Finance. Francisco Lujano represented the State Treasurer. Michael Saragosa represented the Secretary of the State and Consumer Services Agency. D. Everett Rice, Governor's appointee, was present.

The following I-Bank staff members were in attendance: Stan Hazelroth, Roma Cristia-Plant, Diane Cummings, Tara Dunn, Brooke Bassett and Shelly Renner.

**2. Executive Director's Report.**

Executive Director Stan Hazelroth reported to the Board: that the budget change proposal is still moving forward in the process, but that it appears likely the legislature will agree with the need to add seven new staff; that staff will be discussing the history and performance of the Infrastructure State Revolving Fund Program with the Board in upcoming meetings and obtaining guidance on direction for the program; and, that he will be speaking at the IMN Municipal Finance Conference in San Francisco later this week on state of the State's budget, and the Governor's budget proposal.

**Consent Items:**

**3. Approve minutes from the meeting held on February 26, 2008.**

Chairwoman Matteucci asked if there were any questions or comments from the Board or those present regarding the minutes. There being none, she entertained a motion to approve this consent item. Ms. Sheehan moved to approve the minutes and Mr. Saragosa seconded the motion. The Board unanimously approved the minutes.

**4. Approve minutes from the meeting held on March 27, 2008.**

Chairwoman Matteucci asked if there were any questions or comments from the Board or those present regarding the minutes. There being none, she entertained a motion to approve the consent item. Mr. Saragosa moved to approve the minutes and Ms. Sheehan seconded the motion. Chairwoman Matteucci called for a vote. The minutes were approved by all members, with the exception of Ms. Sheehan, who abstained due to her absence from the meeting of March 27, 2008.

**Action Items:**

**5. Adopt resolution approving the issuance of State School Fund Apportionment Lease Revenue Refunding Bonds for the Oakland Unified School District, Series 2008 in an amount not to exceed \$68,000,000.**

Roma Cristia-Plant presented a staff report and explained that the Department of Finance has requested the I-Bank to refund bonds issued for the Oakland Unified School District (OUSD) by the I-Bank in December, 2005 (2005 Bonds) to a fixed-rate mode. She explained that the 2005 Bonds refinanced a State General Fund emergency apportionment loan provided to OUSD to assist the district during troubled fiscal times. Ms. Cristia-Plant described that the 2005 Bonds were originally planned to be issued as fixed-rate bonds, but were issued as auction rate securities to minimize prepayment penalties since OUSD was statutorily authorized at that time to sell surplus property and to use the sale proceeds to pay down the emergency loan. She apprised the Board that the reason to maintain auction rate securities no longer exists since the time period to sell surplus property has passed and no property was sold, that the auction rate market has caused recent spikes in interest rates on the 2005 Bonds increasing the cost of the bonds, and that refunding the bonds to fixed rate securities will ease administration of the bonds. Ms. Cristia-Plant reviewed the terms of the refunding bonds, including that the bonds will refinance the outstanding principal balance of the 2005 Bonds under a lease/leaseback financing between OUSD and the I-Bank, will continue a payment method involving a direct intercept of OUSD's State Aid, and will continue to lease the same assets as the 2005 Bonds. She introduced Michelle Issa of Banc of America Securities LLC, the underwriter for the transaction.

In response to a question from Chairwoman Matteucci, Ms. Cristia-Plant and Mr. Hazelroth confirmed that the I-Bank has been successfully performing the additional duties associated with the school bonds as described in the staff report, which are more than those typically required in a conduit bond financing.

Chairwoman Matteucci asked for any questions or comments from those present. There being none, she entertained a motion to approve Resolution No. 08-05. Ms. Sheehan moved to approve the resolution and Mr. Saragosa seconded the motion. The Board unanimously approved the resolution.

**6. Authorize an amended loan agreement in connection with the California Infrastructure and Economic Development Bank Variable Rate Revenue Bonds (The Colburn School) Series 2006A and Series 2006B.**

Tara Dunn presented a staff report and described that the Colburn School requested an amendment to their loan agreement in connection with the I-Bank auction rate securities issued in 2006 for the school (2006 Bonds) to allow the option to repurchase their own auction rate securities, as now allowed under a recent Security and Exchange Commission ruling. She indicated to the Board that no decision has been made yet by the Colburn School to refinance the 2006 Bonds to another interest rate mode, but that school officials wished to maximize financial options through the requested amendment.

In response to a question from Ms. Sheehan, Ms. Dunn indicated that depending on the course of action the school chose, it could be possible the Colburn School could come back to the I-Bank to issue refunding bonds. In response to a question from Mr. Saragosa, Ms. Bassett confirmed that Bond Unit staff has been proactive and contacted the all of the I-Bank's auction rate borrowers for a status on their bonds.

Chairwoman Matteucci requested staff to keep the Board apprised on current and future auction rate securities refinancings and to report back to the Board when borrowers, such as the Colburn School, exercise their option to buy back their own securities as part of a bond cost management strategy.

Chairwoman Matteucci asked for any questions or comments from those present. There being none, she entertained a motion to approve Resolution No. 08-06. Ms. Sheehan moved to approve the resolution and Mr. Saragosa seconded the motion. The Board unanimously approved the resolution.

**7. Adopt resolution approving Infrastructure State Revolving Fund Program financing for Valley of the Moon Water District, in an amount not to exceed \$810,000.**

Diane Cummings presented a staff report in which she described the Valley of the Moon Water District's Well No. 5 Replacement Project which includes the replacement of an abandoned production well. Ms. Cummings stated that the overall purpose of the project is to increase the District's overall availability and reliability of its water supply. She also explained that the project will promote economic development in the area and is in consistent with the County's Consolidated Plan and the County Redevelopment Agency's Redevelopment Strategic Plan. Ms. Cummings introduced Krishna Kumar, Valley of the Moon Water District General Manager.

Chairwoman Matteucci asked for any questions or comments from those present. There being none, she entertained a motion to approve Resolution No. 08-07. Ms. Sheehan moved to approve the resolution and Mr. Saragosa seconded the motion. The Board unanimously approved the resolution.

**Other Business.**

Chairwoman Matteucci called for any other business; there was none.

**Public Comment.**

Chairwoman Matteucci called for any public comment; there was none.

**Adjournment.**

Chairwoman Matteucci entertained a motion to adjourn. Mr. Sheehan moved to approve the motion and Mr. Saragosa seconded the motion. The Board unanimously approved the motion and Chairwoman Matteucci adjourned the meeting at approximately 1:55 p.m.